

## **CORPORATE SOCIAL RESPONSIBILITY POLICY**

**(As amended by the Board of Directors at its  
Meeting held on 30<sup>th</sup> June, 2021)**

### ➤ **PREAMBLE TO THE POLICY:**

Cerebra Integrated Technologies Limited (hereinafter referred as “Cerebra”) has been actively participating in social responsibility initiatives through the Companies Act, 2013 in one of new initiatives, has made it mandatory for companies falling under certain threshold limits of turnover or paid up capital or net profit criteria to formulate a Corporate Social Responsibility (CSR) Policy and also spend a certain amount of average net profits on specified CSR activities. Hence, it has become imperative for the Company to formulate a Policy to be compliant with law. The Board of Directors of the Company at its Meeting held on 30<sup>th</sup> May, 2018 has constituted a CSR Committee to formulate and recommend a Policy, recommend spend and also monitor CSR spends. This Policy has been framed in the light of the provisions of the Companies Act, 2013, the rules and regulations framed thereunder.

### ➤ **TITTLE:**

This Policy may be called as the Corporate Social Responsibility (CSR) Policy of Cerebra Integrated Technologies Limited.

### ➤ **DEFINITIONS:**

In this Policy, unless the context otherwise requires,-

- a) **“Act”** means the Companies Act, 2013.
- b) **“Administrative overheads”** means the expenses incurred by the company for ‘general management and administration’ of Corporate Social Responsibility functions in the Company but shall not include the expenses directly incurred for the designing, implementation, monitoring, and evaluation of a particular Corporate Social Responsibility project or program;
- c) **“Board”** means the Board of Directors of Cerebra Integrated Technologies Limited.

- d) **“CSR Rules”** mean the Companies (Corporate Social Responsibility Policy) Rules, 2014 issued under Companies Act, 2014 by the Central Government of India.
- e) **“CSR Committee”** means the Committee constituted by the Board of Directors of the Company from time to time to comply with the provisions of Act and the CSR Rules.
- f) **‘Net Profit’** means net profit as defined in Section 135 of the Companies Act, 2013 and Companies (Corporate Social Responsibility Policy) Rules, 2014 as set out below:

Net Profit as per financial statements prepared in accordance with the applicable provisions of the Act, but shall not include the following, namely:

- i. any profit arising from any overseas branch or branches of the Company, whether operated as a separate company or otherwise; and
- ii. any dividend received from other companies in India, which are covered under and complying with the provisions of Section 135 of the Act.

Provided that in case of a foreign company covered under these rules, net profit means the net profit of such company as per profit and loss account prepared in terms of clause (a) of sub-section (1) of Section 381, read with Section 198 of the Act;

- g) **“Ongoing Project”** means a multi-year project undertaken by a Company in fulfillment of its CSR obligation having timelines not exceeding three years excluding the financial year in which it was commenced, and shall include such project that was initially not approved as a multi-year project but whose duration has been extended beyond one year by the board based on reasonable justification.

As per definition, Ongoing project = Project already commenced + multi-year project whose duration is not less than one year but not exceeding 3 years

Words and expressions used and not defined in this Policy but defined in the Act and CSR Rules shall have meanings respectively assigned to them in the Act & CSR Rules.

➤ **PURPOSE OF THE POLICY:**

The purpose of this Policy is to define the CSR Policy of the Company, the projects and programs to be undertaken by the Company for the purpose of complying with the Company's' CSR obligations, to prescribe the methodologies of implementation of the Policy and periodic monitoring of the same.

➤ **CSR ACTIVITIES, PROJECTS OR PROGRAMS TO BE UNDERTAKEN UNDER THIS POLICY:**

The projects or programs to be undertaken by the Company under this Policy shall be in compliance with the subjects enumerated in Schedule VII of the Act (as amended from time to time).

➤ **IMPLEMENTING THE POLICY:**

The overall responsibility of administering, deciding the spend and monitoring the CSR Policy will vest with the CSR Committee. However, for the day to day effective implementation, actual spending, identifying the projects, liaising with identified agency/people, the CSR Committee, authorizes the Directors and Director HR of the Company (together shall be termed as "CSR Implementation Team") as persons responsible for implementing the CSR Policy. The Directors and Director HR are authorized to enlist the services of such personnel of the company (Administration/Finance/HR/Quality/Legal and other persons interested in doing CSR activity and work on voluntary basis) and also seek services of an external expert agency, as they deem fit and if found necessary for the purposes of effective implementation of this Policy. The Managing Director and Director HR are authorized to make any decisions as they deem fit for the purposes of effective implementation of the Policy.

➤ **METHODOLOGY AND GUIDELINES FOR SELECTION OF PROJECTS FOR CSR ACTIVITIES:**

The CSR Implementation Team shall select the projects keeping in view the following guidelines:-

1. The subjects and projects shall be such which are covered in Schedule VII (as amended from time to time) of the Act.
2. The CSR activity shall comply with all the rules prescribed under the CSR

Rules.

3. A proper due diligence shall be performed before selecting the organization/projects/agency.
4. The CSR activity shall not be in the ordinary course of the business of the Company.
5. There shall not be any contribution directly or indirectly to any political party.
6. The CSR projects or programs or activities should not benefit only the employees of the Company and their families.
7. One or more activity or programmes or organization may be selected for CSR spend but within overall limit of amount determined by CSR Committee for the year. The amount to be distributed between various projects or programmes or organization shall be decided by the CSR Implementation Team.
8. The CSR Implementation Team or personnel authorized by it shall, wherever required make personal visits to the Organization/entity to be selected for CSR activities before selection of the project for the CSR activity.

➤ **DETERMINATION OF THE AMOUNT TO BE SPENT IN ANY FINANCIAL YEAR:**

The amount to be spent on CSR activity shall be determined and recommended by the CSR Committee to the Board of Directors of the Company. The CSR Committee shall determine and recommend the amount to be spent for a particular financial year based on the audited accounts of the previous financial years. The amount to be determined shall be in accordance with the provisions of the Act and the CSR Rules. Upon approval by the Board of Directors of the amount to be spent for the financial year, the amount shall become available for actual spend.

➤ **MEETINGS OF CSR COMMITTEE:**

The CSR Committee shall meet at least twice in a year or as many times as required to decide, implement and monitor the CSR activities. Such Meetings shall precede the Meetings of the Board of Directors.

➤ **APPROVAL MECHANISM FOR PROJECTS SELECTED:**

The projects or programs or organization selected for the purpose of CSR spends shall initially be made by the CSR Implementation team. The CSR Implementation

Team shall submit a report to CSR Committee with the basis and reasons for selecting a particular project, its recommendation of the amount to be spent and such other matters as may be required/ necessary. After selection by the CSR Implementation Team, the same shall be placed before the CSR Committee for its final approval. The CSR Committee shall approve the project/ programme/ organization and upon its approval, the project can be undertaken.

➤ **ACTUAL SPEND, FUNDS ALLOCATION, MAINTENANCE OF ACCOUNTS:**

The actual spend for the year shall be such as may be determined by the CSR Committee. The amount shall become available for spend after determination by CSR Committee and its approval by the Board of Directors. The finance department of the Company shall transfer the amount determined by the CSR Committee to a separate account in the books of account. All expenses of CSR shall be defrayed from the normal bank accounts of the Company upon approval by the CSR implementation Team. The finance team of the Company shall keep proper accounts of the CSR expenditure and also vouchers/bills/invoices etc.

➤ **AREA OF ACTIVITY:**

The registered office of the Company is situated in Bangalore, Karnataka, India. The provisions of the Act and CSR Rules prescribe that the CSR activities shall be performed by giving preference to the local area and areas around it where the Company operates. Hence, the area of activity for CSR activities shall be the state of Karnataka, India.

➤ **MONITORING OF THE CSR ACTIVITY:**

1. To ensure that the required amount is spent on CSR activity, regular monitoring routine will be introduced by implementing the CSR standardized report. The reporting will take place every month and will include details such as: estimated net profit of the current financial year, average net profits made during the three immediate preceding financial years, provision date of CSR activity, Project cost summary for the proposed CSR activity.
2. Appropriate documentation and amendments of the CSR Policy, annual CSR activities, and expenditures will be undertaken on a regular basis and same will be available to the Board of Directors of the Company.
3. Initiatives undertaken on the CSR front will be reported in the Annual Report

of the Company.

4. The CSR Committee and persons / entities authorised by it, will conduct due diligence checks on the current projects/partners on a quarterly basis and report anomalies, if any, immediately.
5. Based on analysis of current projects, carry out roadmap planning for allocation of budget and selection of projects. The same will be done at least once in a financial year.
6. Plan and publish an annual calendar of major events so as to strive for maximum participation of stakeholders/society.

➤ **ANNUAL SPENDS/ ALLOCATION OF FUNDS:**

The Company would endeavor to spend not less than 2% of the average Net Profits of the Company made during the three immediately preceding financial years.

The amount would be calculated as per the Regulations. All reasonable efforts will be made to ensure that the annual CSR allocation is fully utilised in the respective year. However, if the Company fails to spend such amount, the Board of Directors shall, in its report under clause (o) of sub-section (3) of Section 134 of the Act, shall specify the reasons for not spending the amount and, unless the unspent amount relates to any ongoing project referred to in sub-section (6), transfer such unspent amount to a Fund specified in Schedule VII, within a period of six months of the expiry of the financial year.

The tax treatment of CSR spend will be in accordance with the Income Tax Act, 1961 as may be notified by Central Board of Direct Taxes (CBDT).

➤ **SURPLUS ARISING OUT OF CSR ACTIVITY:**

1. Any surplus arising out of CSR activities shall be ploughed back into the same project or shall be transferred to the Unspent CSR Account and spent in pursuance of CSR policy and annual action plan of the Company or transfer such surplus amount to a Fund specified in Schedule VII, within a period of 6 months of the expiry of the financial year.
2. Any excess amount may be set off against the requirement to spend up to immediate succeeding 3 financial years subject to the conditions that;

- a. The excess amount available for set off shall not include the surplus arising out of the CSR activities, if any, in pursuance of above point no.1;
- b. the Board of the Company shall pass a resolution to that effect.

➤ **CAPITAL ASSETS:**

1. Any capital asset acquired / created for the purpose of CSR has to be in the name of only a Section 8 Company or a registered public trust or registered society having CSR registration Number and cannot be held in the name of the Company itself.
2. Any capital asset created by the Company prior to the commencement of the Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021, shall within a period of 180 days from such commencement comply with the requirement as per the above point, which may be extended by a further period of not more than 90 days with the approval of the Board based on reasonable justification.

➤ **TRANSFER OF UNSPENT CSR:**

The Company should spend the entire amount of CSR commitments during the year in which the same is required to be spent pursuant to Section 135 of the Act. Any amount unspent during the year in which it is due, shall be treated as specified in the provisions of Section 135 of the Act read with the CSR Rules.

➤ **GENERAL:**

1. All administrative expenses including expenditure on wages & salaries, tours and travels, training & development of personnel deputed on CSR activities would be borne from CSR funds. The Board shall ensure that the administrative overheads shall not exceed 5% of total CSR expenditure of the Company for the financial year.
2. The competent authority shall take decision on sanctioning works/allocation of funds for CSR and appointing authorized agencies for implementing Projects/Activities shall be as specified in the authority schedule approved by the Board.
3. If it is observed that any CSR activity taken up for implementation is found not properly implemented, the CSR Committee at its discretion may

discontinue funding the project at any time during the course of implementation.

➤ **COLLABORATION WITH OTHER COMPANIES/GROUP COMPANIES ON CSR ACTIVITIES:**

Within the framework of the provisions of the Act and the CSR Rules and to the extent permitted thereunder, the CSR Committee and the CSR Implementation Team shall explore the possibility of collaborating with other companies and other group companies so that the CSR spend can be effectively and advantageously spend which shall serve greater good.

➤ **Review and Reporting**

The Committee shall formulate a policy including the activities specified in Schedule VII.

1. The Board shall disclose the composition of the Committee, contents of Policy in its report and the same shall also be placed on the website of the Company including Projects approved by the Board.
2. If the Company fails to spend such amount the Board shall give in its report the reasons for not spending and unspent CSR amount, if any, shall be transferred by the Company to any fund included in Schedule VII of the Act.
3. For the purpose of CSR reporting the Net Profit shall mean average of the annual net profit of the preceding three financial years ending on or before 31<sup>st</sup> March of the financial year will be considered.
4. Reporting will be done on an annual basis commencing from July1, 2014.
5. The Company will report, in the prescribed format as set out in the Act which will cover the details of CSR initiatives and activities of the Company in the Board's Report.

➤ **OTHER MATTERS/ DIFFICULTIES:**

If there are any matters which are not covered by this Policy or in the Act or in the



CSR Rules, the same shall be brought to the notice of the CSR Committee by the CSR Implementation team and thereafter the CSR Committee shall take a final decision on those matters.

➤ **AMENDMENTS TO THE POLICY:**

The Board of Directors on its own and/or as per the recommendations of CSR Committee can amend this Policy, as and when required as deemed fit. Any or all provisions of the CSR Policy would be subject to revision/ amendment in accordance with the Regulations on the subject as may be issued from relevant statutory authorities, from time to time.

In case of any clarification on any matter, including interpretation of this Policy, the Company Secretary of the Company shall be contacted. The decision of the Board of Directors on all matters, relating to this Policy, shall be final and binding up on all concerned.

This Policy is subject to continuous review and updates as may be required from time to time.